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Preparing for the Crises after COVID-19

Systematic Foresight as a Tool for Evidence-informed Precautionary Policy

Lars Brozus

Political decision-makers are regularly confronted with a large number of hypothetical crises. State and society expect them to make appropriate provisions to tackle these scenarios simultaneously. However, adequate preparation for all conceivable incidents in the future far exceeds the available resources. Decision-makers must therefore determine which of these imaginary crises should take priority. Factors such as the public visibility and likelihood of an expected crisis and the damage it is anticipated to cause play an important role in this decision. Also at play are analogy-based reasoning and political intuition. COVID-19 illustrates that these future heuristics entail significant decision-making risks. Despite many warnings about the consequences the spread of infectious diseases could have globally, hardly any state was adequately prepared. Taking credible predictions through systematic foresight into account would help decision-makers to set priorities for prevention that would be easier to explain and justify.

The new coronavirus continues to wreak havoc globally. More than 48 million people are currently reported as being infected with COVID-19 and more than 1.2 million have died. The number of unreported cases is likely to be significantly higher. The World Food Programme fears that as a result of the corona crisis, the number of starving people could increase by 120 million by the end of 2020. According to estimates by the International Monetary Fund, the combined economic losses of this and the next year will amount to roughly $11 trillion worldwide. In its macroeconomic projections for the euro area, the European Central Bank foresees a decline in GDP of up to eight percent in 2020, while the combined budget deficits of the 19 countries could reach close to one trillion euros — an increase of almost ten percent.

Dual Crisis of Connectivity and Governance

In contrast to the global financial crisis of 2008, policy coordination has generally been lacking during the pandemic. Regions initially barely affected by COVID-19 soon suffered the consequences of lockdown and quarantine decisions taken elsewhere. The collapse of production, trade and tourism, suspended mobility and capital outflows hit the Global South especially hard. The indus-

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try-specific concentration of production capacities in a small number of locations exacerbated the undersupply of pharmaceuticals and personal protective equipment, even in the Global North. The result: a real connectivity crisis — the negative externalities of global interdependence are unsettling politics, economy and society the world over.

The crisis of connectivity is also accompanied by a governance crisis. The role played by multilateral institutions in crisis management is virtually non-existent. So far, neither the UN or the G20 and G7 have provided significant policy guidance. Health protection and economic aid measures are decided upon predominantly nationally. Even within the EU, several borders were closed without coordination between member states.

Lack of Preparation, Despite Warnings

Yet, the pandemic is not a black swan, i.e. a completely unexpected event having a major impact on an unprepared world. Over the past decade, governmental and non-governmental bodies have frequently issued warnings of an imminent pandemic that could have serious global consequences, including the World Health Organization (WHO). In Germany, reference is often made to a Federal Office for Civil Protection and Disaster Relief (BBK) report which looks at a "Pandemic caused by Virus Modi-SARS" and was published in 2012 by the Bundestag. Bill Gates gave a TED talk in 2015 warning against a pandemic. Another example of such foresight is the annual Global Risks Report of the World Economic Forum (WEF), which featured the spread of infectious diseases in 2019.

Better preparation for the pandemic would have involved only a fraction of the cost of having to deal with its consequences. At the Munich Security Conference in 2017, Bill Gates put the cost of adequate pandemic preparedness worldwide at $3.4 billion per year. At the same conference, he estimated the losses that would be incurred if no measures were taken at up to $570 billion annually — a very conservative sum from today's perspective. The storage of sufficient quantities of protective equipment and diagnostic material in conjunction with better preparation of the health care system, including hospitals being provided with more intensive care units, would have significantly increased the chances of early containment of the virus — and saved lives.

Too Many Conceivable Crises

Apparently, the warnings were ignored. So the question of why better provisions were not made has gained public prominence. However, blaming the lack of preparedness on the ignorance of policymakers alone would be too simple. It fails to acknowledge that in everyday politics, countless warnings, suggestions and ideas compete for the attention of decision-makers. Over the years, besides the Modi-SARS pandemic, the BBK discussed many other hypothetical events for which Germany should be prepared: extreme melt flooding, severe winter storms, a surge in storms, the release of radioactive materials from a nuclear power plant, release of chemical substances, and drought. In addition to the spread of infectious diseases, the WEF's Global Risks Report 2019 named a variety of phenomena that could develop into global crises. These included failure to mitigate climate change, proliferation of weapons of mass destruction, cyberattacks, water shortages and the formation of speculative bubbles in financial markets. The WEF reports for the years before (and after) 2019 pointed to several other important risks that also required political attention.

In addition to BBK and WEF, many institutions and agencies publish comprehensive risk reports and crisis warnings. Preparing adequately for all these hypothetical risks would overtax state resources and capacities. Decision-makers must therefore choose which crises to prepare for. Typical criteria for such decisions are the probabil-

ity of the event occurring and the expected extent of the damage it may cause. However, it is notoriously difficult to give an accurate estimate of when an anticipated risk will actually materialise. The 2019 WEF report, for example, put the spread of infectious diseases in 10th place in terms of impact. However, its list of ten risks with the highest probability of occurrence does not include infectious diseases — as is also the case in the Global Risks Report 2020.

But there have also been several instances of false positives — a prediction that did not come true — over the years. In 2009, the WHO sounded the alarm over swine flu (H1N1 virus). For the first time in over 40 years, a pandemic was officially declared. The warnings turned out to be inaccurate and were later subject to a parliamentary investigation by the Council of Europe that accused health authorities of causing unjustified panic and wasting public resources. Crying wolf can be politically costly.

Future Heuristics in Everyday Politics

In addition to calculating the impact and likelihood of a probable future risk, decision-makers therefore rely on political intuition and simple future heuristics. Three factors are important in this context: past experience, which is processed using analogical reasoning; the significance a future risk is expected to have in the public debate; and the likelihood of a political solution for the risk, which ideally should be attributed to the policymaker in power.

Analogies are typically used by decision-makers to reflect on lessons learned from history. Because of the complexity of understanding the past, including incomplete information and biased judgment, analogies can lead to wrong conclusions. The current pandemic illustrates this point. Over the past two decades there have been several outbreaks of infectious diseases. Two of these were caused by pathogens from the coronavirus family: SARS (2003) and MERS (2012). However, in both instances the expected global spread of the virus did not materialise. Fortunately, predictions of thousands of deaths and sustained economic disruption did not turn out to be true.

Given that, in policymaking, the past is very often the default predictor of things to come, it is not surprising that many decision-makers concluded that preparations for a pandemic were not a priority. Following the logic of political trade-offs between limited resources for prevention and the public visibility of potential crises, which could translate into political pressure, decision-makers would tend to draw the analogy that elaborate and costly measures to prepare for future virus outbreaks need not be high up the precautionary agenda. As a result, the pandemic risk posed by pathogens was, once again, neglected.

But not everywhere. Governments in countries that were significantly affected by the outbreaks of SARS and MERS drew a different conclusion. South Korea and Taiwan, for instance, invested in health care preparation for a future virus epidemic. Politically, this was justifiable because both societies had been exposed to significant vulnerability in the past. In the current pandemic, both countries are benefiting from these decisions as they are faring comparatively well. There was even a political reward, as the effective management of COVID-19 is considered an important factor in the unexpected success of President Moon's governing party in South Korea's parliamentary elections in April.

Better Preparation through Foresight

Reversing this reasoning, it can be assumed that global health policy will be given considerably more attention and resources in the future. This is, of course, long overdue. However, it does not solve the fundamental problem that too many risks continue to compete for political attention. This problem is further exacerbated by the foreseeable budget cuts that will reduce governments' leeway for distributive policies. In

fact, the discussion about the areas that must be protected from budget cuts is already well underway. In Germany, organisations and institutions in the field of security policy were among the first to warn against cuts to their budgets. And indeed, their protagonists can give good reasons for taking a defensive stance against the threat of austerity measures. Of course, nobody knows how great the risk of military confrontation in Europe actually is and which precautionary measures are warranted.

But what if we could know? Scientific studies show that the accuracy of predictions of future events (the so-called forecasts) can be systematically increased. If policymakers would learn to trust methodical forecasting, better informed decisions could be made about which events to prepare for. This would make political disputes over prevention priorities more objective, improve the quality of public debate and promote evidence-based precautionary policies.

These studies are based on the analyses of a multi-year research project in which several thousand people, both laymen and professionals, have participated since 2011. The project is designed to allow the participants make as many predictions as possible about hypothetical political events. Participants are simply asked to answer questions and encouraged to update their answers as they see fit. Current examples of such questions could be: Will Donald Trump hold on to presidential powers after 20 January 2021? Will Russia leave the Open Skies treaty as soon as the USA withdraws? Will world economic growth be positive in the second quarter of 2021?

An evaluation of more than 880,000 forecasts shows that some participants make the right predictions much more often than others. The top two percent of participants achieved this over several years. If these consistently above-average performers are assembled in teams, their combined forecast accuracy increases even more. The best teams achieve about 30 percent higher prediction accuracy than peer groups with access to classified information. Forecasting accuracy can be further improved through training.

This does not mean that it will be possible to anticipate all future post-corona crises. However, a 30 percent increase in accuracy implies that the number of crises for which preparations should be made would be significantly reduced. Cost-intensive and unpopular precautionary measures, in particular, would be easier to justify to a possibly sceptical public — especially if non-state actors and non-state institutions are also involved in the deliberations.

Institutionalisation of Systematic Foresight

Systematic foresight could quite easily be institutionalised in government agencies. Foreign Services would be obvious entry points for integrating foresight training and practice in the daily bureaucratic routines. Over time, it would be possible to build up a pool of methodically trained diplomats tasked with regularly making predictions. This is not very far removed from everyday practice in a Foreign Service. An important task of diplomacy is, of course, to deal with and prepare for conceivable developments. Increasing the accuracy of predictions would give diplomats' recommendations for action more weight in decision-making.

At the international level, systematic foresight could be institutionalised in multilateral contexts. Foresight is traditionally the task of nation-states. This automatically limits the field of vision. Taking multiple interests and perspectives into account would broaden it. Multi-perspective foresight could transcend national positions and help to identify global challenges earlier and with greater accuracy. In 2019, France and Germany launched the Alliance for Multilateralism to improve global governance. Systematic foresight could be a very promising instrument to support the achievement of this worthy goal.

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